

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6628

BILL NUMBER: HB 1101

DATE PREPARED: Dec 12, 2000

BILL AMENDED:

SUBJECT: Miami Indians of Indiana.

FISCAL ANALYST: Bob Sigalow; Brian Tabor

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FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill recognizes the Miami Indians of Indiana as an independent Indian tribe. It provides that property owned in common by the Miami Indian Tribe is exempt from property taxes. The bill also provides that income from a business operated on property owned in common by the Miami Indian Tribe is exempt from taxation.

Effective Date: July 1, 2001.

Explanation of State Expenditures: *Income Tax:* The Department of State Revenue (DOR) will incur some administrative expenses related to the revision of tax forms, instructions, and computer programs to incorporate these changes. These expenses could be absorbed given the DOR's existing budget and resources.

Explanation of State Revenues: *Income Tax:* This bill would reduce income tax revenue from **any** individual or business that operates on property owned in common by the Miami Indian Tribe. This would result in an indeterminable loss of current and future revenue collections. This exemption is not limited to just Miami Indians earning income on their common property but is open to any business or individual that might operate a business on this property. It is also not limited to current property owned so if the Miami Indian Tribe bought more common property, the base could be expanded in the future and could increase the amount of income that could be exempt.

Income tax revenue is deposited in the General Fund and the Property Tax Replacement Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Income Tax:* There would be an indeterminable loss of local option income tax revenue due to the provisions of this bill. Currently Miami County has a 0.6% County Option Income Tax (COIT) rate. Their CY 2001 COIT certification is \$3,036,614.

Property Tax: According to the State Tax Board, the Miami Indians of Indiana have prevailed in their appeal of a County Board of Review denial of their 1993 and 1994 real and personal property tax exemptions. Appeals for 1995 and later were sent back to the county by the State Tax Board for procedural reasons. Since the State Tax Board has ruled that the property was exempt from taxation for 1993 and 1994, it can be inferred that the property would remain exempt under current law and the property's current usage. Therefore, the property tax provision of this bill would have no fiscal impact.

Property owned by individual members of the Miami Indians would not be exempt from property tax under this provision.

State Agencies Affected: Department of State Revenue.

Local Agencies Affected: Local civil taxing units in Miami County.

Information Sources: Bill Waltz, State Board of Tax Commissioners (232-3761); Indiana Department of State Revenue; State Budget Agency.